

Message Text

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TAGS: AORG, NATO
SUBJECT: NATO PENSION SCHEME

REF: (A) STATE 139083 (DTG 012155Z JUN 78),
(B) USNATO 5529, PARA 2 (DTG 311438Z MAY 78)

1. THE JOINT CIVIL AND MILITARY BUDGET COMMITTEES
RECEIVED DOCUMENT BC-D(78)36/MBC-M(78)157, WHICH HAD
BEEN PREPARED BY THE BELGIAN AND NETHERLANDS
REPRESENTATIVES IN COOPERATION WITH THE INTERNATIONAL
STAFF, AND ACCEPTED BY UK REP. THIS IS THE CLEAREST
STATEMENT YET PRESENTED ON VALIDATION COSTS AND SHOULD
LEAVE NO DOUBT IN AN EMPLOYEE'S MIND CONCERNING HIS
FINANCIAL OBLIGATIONS AND TIME LIMITATION ON REPAYMENT.

2. BEGIN TEXT:

- CONTRIBUTIONS TO THE PROVIDENT FUND BETWEEN
- 1.7.1974 AND 30.6.1978

REPAYMENT BY STAFF MEMBERS OPTING FOR THE PENSION SCHEME
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1. ALL STAFF MEMBERS OPTING FOR THE PENSION SCHEME,
WHETHER OR NOT THEY HAVE MADE WITHDRAWALS FROM THE
PROVIDENT FUND AFTER 1.7.1974, OWE AT 1.7.1978 THE TOTAL
AMOUNT OF CONTRIBUTIONS PAID INTO THE PROVIDENT FUND
DURING THE PERIOD 1.7.74 TO 30.6.78 PLUS THE REAL
INTEREST WHICH THESE CONTRIBUTIONS HAVE OR WOULD HAVE

EARNED UP TO 30.6.1978.

2. THE TOTAL AMOUNT OF THE CONTRIBUTIONS MENTIONED IN PARAGRAPH 1 ABOVE PLUS ITS REAL EARNED INTEREST IS THE FIRST DEDUCTION MADE FROM STAFF MEMBERS' HOLDINGS IN THE PROVIDENT FUND AT 30.6.1978, ANY BALANCE BEING USED FOR SETTling THE COST OF VALIDATING SERVICE PRIOR TO 1.7.74 IF THE STAFF MEMBER OPTS UNDER ARTICLE 44 OF THE PENSION SCHEME RULES.

3. IF THE DEDUCTION MENTIONED IN PARAGRAPH 2 ABOVE GIVES RISE TO A DEFICIT, THE LATTER MUST BE MADE GOOD, IF NECESSARY BY DEDUCTIONS FROM SALARY, THE MONTHLY INSTALLMENTS REFLECTING IMPOSITION OF INTEREST AT 6.5 PCT PER ANNUM AND BEING SET AT A MINIMUM OF 10 PCT OF THE STAFF MEMBER'S BASIC SALARY ON 1.3.1977.

4. THE STAFF MEMBER MAY ALSO, TO AVOID REDUCTION OF CREDIT FOR SERVICE PRIOR TO 1.7.74, PAY OFF THE VALIDATION COST DEBT DURING A MAXIMUM PERIOD OF FIVE YEARS FROM 1.7.78, THE DEBT BEING SUBJECT TO INTEREST OF 4 PCT PER ANNUM AND REPAYABLE IN MONTHLY INSTALLMENTS SET AT A MINIMUM OF 10 PCT OF THE STAFF MEMBER'S BASIC SALARY ON 1.3.1977.

5. THUS STAFF MEMBERS MAY BE PLACED IN THE POSITION OF UNCLASSIFIED

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HAVING TO PAY OFF TWO DEBTS IN PARALLEL.

6. IF THE STAFF MEMBER LEAVES THE ORGANIZATION WITH AN UNPAID DEBT UNDER PARAGRAPH 3 ABOVE, THE OUTSTANDING AMOUNT INCLUSIVE OF INTEREST SHALL BE DEDUCTED FROM ANY SUMS PAID PURSUANT TO PARAGRAPH 4, THE VALIDATION OF SERVICE PRIOR TO 1.7.74 NOT BEING EFFECTIVE UNTIL ALL CONTRIBUTIONS DUE (INCLUSIVE OF INTEREST) FOR THE PERIOD SUBSEQUENT TO 1.7.1974 HAVE BEEN PAID IN. END TEXT.

3. MISSION RECOMMENDS ACCEPTANCE.

4. ACTION REQUESTED: DEPARTMENT'S CONCURRENCE.
GLITMAN

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